

108TH CONGRESS  
1ST SESSION

# H. R. 2333

To amend title XVIII of the Social Security Act and the Public Health Service Act to improve outpatient health care for Medicare beneficiaries who reside in rural areas, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 2003

Mr. MORAN of Kansas (for himself, Mr. POMEROY, Mr. BEREUTER, Mr. OSBORNE, Mr. MCINTYRE, Mrs. EMERSON, Mr. PETERSON of Pennsylvania, Mr. WALDEN of Oregon, Mr. TOWNS, Mr. BERRY, Mr. KIND, Mr. TURNER of Texas, Mr. LEACH, Mr. ALEXANDER, Mr. MARSHALL, Mr. UDALL of New Mexico, Mr. EDWARDS, Mr. KING of Iowa, and Mr. NUNES) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title XVIII of the Social Security Act and the Public Health Service Act to improve outpatient health care for Medicare beneficiaries who reside in rural areas, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECUR-**  
 2 **RITY ACT; TABLE OF CONTENTS.**

3 (a) SHORT TITLE.—This Act may be cited as the  
 4 “Rural Provider Equity Act of 2003”.

5 (b) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-  
 6 cept as otherwise specifically provided, whenever in this  
 7 Act an amendment is expressed in terms of an amendment  
 8 to or repeal of a section or other provision, the reference  
 9 shall be considered to be made to that section or other  
 10 provision of the Social Security Act.

11 (c) TABLE OF CONTENTS.—The table of contents of  
 12 this Act is as follows:

- Sec. 1. Short title; amendments to Social Security Act; table of contents.
- Sec. 2. Rural physician reimbursement improvements.
- Sec. 3. Physician assistant, nurse practitioner, and clinical nurse specialist im-  
improvements.
- Sec. 4. Rural health clinic improvements.
- Sec. 5. Permanent increase for home health services furnished in a rural area.
- Sec. 6. Rural community health center improvements.
- Sec. 7. Ensuring appropriate coverage of ambulance services under ambulance  
fee schedule.
- Sec. 8. Rural mental health care accessibility improvements.
- Sec. 9. Rural health services research improvements.
- Sec. 10. Exclusion for loan payments under National Health Service Corps loan  
repayment program.

13 **SEC. 2. RURAL PHYSICIAN REIMBURSEMENT IMPROVE-**  
 14 **MENTS.**

15 (a) MEDICARE INCENTIVE PAYMENT PROGRAM IM-  
 16 PROVEMENTS.—

17 (1) PROCEDURES FOR SECRETARY, AND NOT  
 18 PHYSICIANS, TO DETERMINE WHEN BONUS PAY-  
 19 MENTS UNDER MEDICARE INCENTIVE PAYMENT PRO-

1       GRAM SHOULD BE MADE.—Section 1833(m) (42  
2       U.S.C. 1395l(m)) is amended—

3                   (A) by inserting “(1)” after “(m)”; and

4                   (B) by adding at the end the following new  
5       paragraph:

6       “(2) The Secretary shall establish procedures under  
7       which the Secretary, and not the physician furnishing the  
8       service, is responsible for determining when a payment is  
9       required to be made under paragraph (1).”.

10           (2) EDUCATIONAL PROGRAM REGARDING THE  
11       MEDICARE INCENTIVE PAYMENT PROGRAM.—The  
12       Secretary of Health and Human Services shall es-  
13       tablish and implement an ongoing educational pro-  
14       gram to provide education to physicians under the  
15       medicare program on the medicare incentive pay-  
16       ment program under section 1833(m) of the Social  
17       Security Act (42 U.S.C. 1395l(m)).

18           (3) ONGOING STUDY AND ANNUAL REPORT ON  
19       THE MEDICARE INCENTIVE PAYMENT PROGRAM.—

20                   (A) ONGOING STUDY.—The Secretary of  
21       Health and Human Services shall conduct an  
22       ongoing study on the medicare incentive pay-  
23       ment program under section 1833(m) of the  
24       Social Security Act (42 U.S.C. 1395l(m)). Such  
25       study shall focus on whether such program in-

1 creases the access of medicare beneficiaries who  
 2 reside in an area that is designated (under sec-  
 3 tion 332(a)(1)(A) of the Public Health Service  
 4 Act (42 U.S.C. 254e(a)(1)(A))) as a health pro-  
 5 fessional shortage area to physicians' services  
 6 under the medicare program.

7 (B) ANNUAL REPORTS.—Not later than 1  
 8 year after the date of enactment of this Act,  
 9 and annually thereafter, the Secretary of  
 10 Health and Human Services shall submit to  
 11 Congress a report on the study conducted under  
 12 subparagraph (A), together with recommenda-  
 13 tions for such legislation and administrative ac-  
 14 tions as the Secretary considers appropriate.

15 (b) PHYSICIAN FEE SCHEDULE WAGE INDEX REVI-  
 16 SION.—Section 1848(e)(1) (42 U.S.C. 1395w-4(e)(1)) is  
 17 amended—

18 (1) in subparagraph (A), by striking “subpara-  
 19 graphs (B) and (C)” and inserting “subparagraphs  
 20 (B), (C), and (E)”; and

21 (2) by adding at the end the following new sub-  
 22 paragraph:

23 “(E) FLOOR FOR WORK GEOGRAPHIC INDICES.—Notwithstanding the work geographic  
 24 index otherwise calculated under subparagraph  
 25

1 (A)(iii), in no case may the work geographic  
 2 index applied for payment under this section be  
 3 less than—

4 “(i) 0.976 for services furnished dur-  
 5 ing 2004;

6 “(ii) 0.987 for services furnished dur-  
 7 ing 2005;

8 “(iii) 0.995 for services furnished dur-  
 9 ing 2006; and

10 “(iv) 1.000 for services furnished dur-  
 11 ing 2007 and subsequent years.”.

12 **SEC. 3. PHYSICIAN ASSISTANT, NURSE PRACTITIONER, AND**  
 13 **CLINICAL NURSE SPECIALIST IMPROVE-**  
 14 **MENTS.**

15 (a) BROADENING MEDICARE BENEFICIARIES ACCESS  
 16 TO HOME HEALTH SERVICES AND HOSPICE CARE.—Sec-  
 17 tion 1861(r) (42 U.S.C. 1395f(x)) is amended by adding  
 18 at the end the following new sentences: “For purposes of  
 19 sections 1814(a)(2)(C), 1814(a)(7)(B), 1835(a)(2)(A),  
 20 1861(m), 1861(dd), and 1895(e)(1), the term ‘physician’  
 21 includes a nurse practitioner, a clinical nurse specialist,  
 22 and a physician assistant (as such terms are defined in  
 23 subsection (aa)(5)) who does not have a direct or indirect  
 24 employment relationship with the home health agency or  
 25 hospice program (as the case may be), and is legally au-

1 thorized to perform the services of a nurse practitioner,  
 2 a clinical nurse specialist, or a physician assistant (as the  
 3 case may be) in the jurisdiction in which the services are  
 4 performed. For purposes of the preceding sentence, the  
 5 provisions of section 1833(a)(1)(O) shall continue to apply  
 6 with respect to amounts paid for services furnished by  
 7 such a nurse practitioner, a clinical nurse specialist, and  
 8 a physician assistant.”.

9 (b) SKILLED NURSING FACILITIES.—Section  
 10 1819(b)(6) (42 U.S.C. 1395i–3(b)(6)) is amended—

11 (1) in the paragraph heading, by inserting “OR  
 12 NURSE PRACTITIONER” after “PHYSICIAN”; and

13 (2) in subparagraph (A), by inserting “or nurse  
 14 practitioner, including approving in writing a rec-  
 15 ommendation that an individual be admitted to a  
 16 skilled nursing facility, admitting an individual to a  
 17 skilled nursing facility, and performing the initial  
 18 admitting assessment and all visits thereafter” be-  
 19 fore the semicolon.

20 (c) EFFECTIVE DATE.—The amendments made by  
 21 this section shall take effect on January 1, 2004.

22 **SEC. 4. RURAL HEALTH CLINIC IMPROVEMENTS.**

23 (a) IMPROVEMENT IN RURAL HEALTH CLINIC REIM-  
 24 BURSEMENT UNDER MEDICARE.—

1           (1) IN GENERAL.—Section 1833(f) (42 U.S.C.  
2       1395l(f)) is amended—

3           (A) in paragraph (1), by striking “, and”  
4       at the end and inserting a semicolon;

5           (B) in paragraph (2)—

6           (i) by striking “in a subsequent year”  
7       and inserting “in 1989 through 2002”;  
8       and

9           (ii) by striking the period at the end  
10      and inserting a semicolon; and

11          (C) by adding at the end the following new  
12      paragraphs:

13          “(3) in 2003, at \$82 per visit; and

14          “(4) in a subsequent year, at the limit estab-  
15      lished under this subsection for the previous year in-  
16      creased by the percentage increase in the MEI (as  
17      so defined) applicable to primary care services (as so  
18      defined) furnished as of the first day of that year.”.

19          (2) EFFECTIVE DATE.—The amendments made  
20      by paragraph (1) shall apply to services furnished on  
21      or after January 1, 2003.

22      (b) EXCLUSION OF CERTAIN RURAL HEALTH CLINIC  
23      AND FEDERALLY QUALIFIED HEALTH CENTER SERVICES  
24      FROM THE MEDICARE PROSPECTIVE PAYMENT SYSTEM  
25      FOR SKILLED NURSING FACILITIES.—

(1) IN GENERAL.—Section 1888(e)(2)(A) (42 U.S.C. 1395yy(e)(2)(A)) is amended—

(A) in clause (i)(II), by striking “clauses (ii) and (iii)” and inserting “clauses (ii), (iii), and (iv)”; and

(B) by adding at the end the following new clause:

“(iv) EXCLUSION OF CERTAIN RURAL HEALTH CLINIC AND FEDERALLY QUALIFIED HEALTH CENTER SERVICES.—Services described in this clause are—

“(I) rural health clinic services (as defined in paragraph (1) of section 1861(aa)); and

“(II) Federally qualified health center services (as defined in paragraph (3) of such section);

that would be described in clause (ii) if such services were not furnished by an individual affiliated with a rural health clinic or a Federally qualified health center.”.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to services furnished on or after January 1, 2004.



1 **SEC. 5. PERMANENT INCREASE FOR HOME HEALTH SERV-**  
 2 **ICES FURNISHED IN A RURAL AREA.**

3 Section 1895 (42 U.S.C. 1395fff) is amended by add-  
 4 ing at the end the following new subsection:

5 “(f) INCREASE IN PAYMENT FOR SERVICES FUR-  
 6 NISHED IN A RURAL AREA.—

7 “(1) IN GENERAL.—In the case of home health  
 8 services furnished in a rural area (as defined in sec-  
 9 tion 1886(d)(2)(D)) on or after April 1, 2003, the  
 10 Secretary shall increase the payment amount other-  
 11 wise made under this section for such services by 10  
 12 percent.

13 “(2) WAIVER OF BUDGET NEUTRALITY.—The  
 14 Secretary shall not reduce the standard prospective  
 15 payment amount (or amounts) under this section ap-  
 16 plicable to home health services furnished during a  
 17 period to offset the increase in payments resulting  
 18 from the application of paragraph (1).”.

19 **SEC. 6. RURAL COMMUNITY HEALTH CENTER IMPROVE-**  
 20 **MENTS.**

21 (a) DELIVERY OF MEDICARE-COVERED PRIMARY  
 22 AND PREVENTIVE SERVICES AT FEDERALLY QUALIFIED  
 23 HEALTH CENTERS.—

24 (1) COVERAGE OF MEDICARE-COVERED AMBU-  
 25 LATORY SERVICES BY FQHCS.—Section 1861(aa)(3)

1 (42 U.S.C. 1395x(aa)(3)) is amended to read as fol-  
2 lows:

3 “(3) The term ‘Federally qualified health center serv-  
4 ices’ means—

5 “(A) services of the type described in subpara-  
6 graphs (A) through (C) of paragraph (1), and such  
7 other services furnished by a Federally qualified  
8 health center for which payment may otherwise be  
9 made under this title if such services were furnished  
10 by a health care provider or health care professional  
11 other than a Federally qualified health center; and

12 “(B) preventive primary health services that a  
13 center is required to provide under section 330 of  
14 the Public Health Service Act,

15 when furnished to an individual as a patient of a Federally  
16 qualified health center and such services when provided  
17 by a health care provider or health care professional em-  
18 ployed by or under contract with a Federally qualified  
19 health center shall be treated as billable visits for purposes  
20 of payment to the Federally qualified health center.”.

21 (2) ENSURING FQHC REIMBURSEMENT UNDER  
22 HOSPITAL AND SKILLED NURSING FACILITY PRO-  
23 SPECTIVE PAYMENT SYSTEMS.—Section 1862(a)(14)  
24 (42 U.S.C. 1395y(a)) is amended by inserting “Fed-

erally qualified health center services,” after “qualified psychologist services,”.

(3) TECHNICAL CORRECTIONS.—Clauses (i) and (ii)(II) of section 1861(aa)(4)(A) (42 U.S.C. 1395x(aa)(4)(A)) are each amended by striking “(other than subsection (h))”.

(4) EFFECTIVE DATES.—The amendments made—

(A) by paragraphs (1) and (2) shall apply to services furnished on or after January 1, 2004; and

(B) by paragraph (3) shall take effect on the date of enactment of this Act.

(b) PROVIDING SAFE HARBOR FOR CERTAIN COLLABORATIVE EFFORTS THAT BENEFIT MEDICALLY UNDERSERVED POPULATIONS.—

(1) IN GENERAL.—Section 1128B(b)(3) (42 U.S.C. 1320a–7(b)(3)) is amended—

(A) in subparagraph (E), by striking “and” after the semicolon at the end;

(B) in subparagraph (F), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new subparagraph:

“(G) any remuneration between a public or nonprofit private health center entity described under clause (i) or (ii) of section 1905(l)(2)(B) and any individual or entity providing goods, items, services, donations or loans, or a combination thereof, to such health center entity pursuant to a contract, lease, grant, loan, or other agreement, if such agreement contributes to the ability of the health center entity to maintain or increase the availability, or enhance the quality, of services provided to a medically underserved population served by the health center entity.”.

(2) RULEMAKING FOR EXCEPTION FOR HEALTH CENTER ENTITY ARRANGEMENTS.—

(A) ESTABLISHMENT.—

(i) IN GENERAL.—The Secretary of Health and Human Services (in this paragraph referred to as the “Secretary”) shall establish, on an expedited basis, standards relating to the exception described in section 1128B(b)(3)(G) of the Social Security Act, as added by paragraph (1), for health center entity arrangements to the antikickback penalties.

1 (ii) FACTORS TO CONSIDER.—The  
2 Secretary shall consider the following fac-  
3 tors, among others, in establishing stand-  
4 ards relating to the exception for health  
5 center entity arrangements under clause  
6 (i):

7 (I) Whether the arrangement be-  
8 tween the health center entity and the  
9 other party results in savings of Fed-  
10 eral grant funds or increased revenues  
11 to the health center entity.

12 (II) Whether the arrangement  
13 between the health center entity and  
14 the other party restricts or limits a  
15 patient's freedom of choice.

16 (III) Whether the arrangement  
17 between the health center entity and  
18 the other party protects a health care  
19 professional's independent medical  
20 judgment regarding medically appro-  
21 priate treatment.

22 The Secretary may also include other  
23 standards and criteria that are consistent  
24 with the intent of Congress in enacting the  
25 exception established under this section.

(B) INTERIM FINAL EFFECT.—No later than 180 days after the date of enactment of this Act, the Secretary shall publish a rule in the Federal Register consistent with the factors under subparagraph (A)(ii). Such rule shall be effective and final immediately on an interim basis, subject to such change and revision, after public notice and opportunity (for a period of not more than 60 days) for public comment, as is consistent with this paragraph.

**SEC. 7. ENSURING APPROPRIATE COVERAGE OF AMBULANCE SERVICES UNDER AMBULANCE FEE SCHEDULE.**

(a) AIR AMBULANCE SERVICE.—

(1) COVERAGE.—Section 1834(l) (42 U.S.C. 1395m(l)) is amended—

(A) by redesignating paragraph (8), as added by section 221(a) of Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (114 Stat. 2763A–486), as enacted into law by section 1(a)(6) of Public Law 106–554, as paragraph (9); and

(B) by adding at the end the following new paragraph:

1           “(10) ENSURING APPROPRIATE COVERAGE OF  
2       AIR AMBULANCE SERVICES.—

3           “(A) IN GENERAL.—The regulations de-  
4       scribed in section 1861(s)(7) shall ensure that  
5       air ambulance services (as defined in subpara-  
6       graph (C)) are reimbursed under this sub-  
7       section at the air ambulance rate if the air am-  
8       bulance service—

9           “(i) is medically necessary based on  
10       the health condition of the individual being  
11       transported at or immediately prior to the  
12       time of the transport; and

13           “(ii) complies with equipment and  
14       crew requirements established by the Sec-  
15       retary.

16           “(B) MEDICALLY NECESSARY.—An air  
17       ambulance service shall be considered to be  
18       medically necessary for purposes of subpara-  
19       graph (A)(i) if such service is requested—

20           “(i) by a physician or a hospital in ac-  
21       cordance with the physician’s or hospital’s  
22       responsibilities under section 1867 (com-  
23       monly known as the ‘Emergency Medical  
24       Treatment and Active Labor Act’);

1 “(ii) as a result of a protocol estab-  
2 lished by a State or regional emergency  
3 medical service (EMS) agency;

4 “(iii) by a physician, nurse practi-  
5 tioner, physician assistant, registered  
6 nurse, or emergency medical responder  
7 who reasonably determines or certifies that  
8 the patient’s condition is such that the  
9 time needed to transport the individual by  
10 land or the lack of an appropriate ground  
11 ambulance, significantly increases the med-  
12 ical risks for the individual; or

13 “(iv) by a Federal or State agency to  
14 relocate patients following a natural dis-  
15 aster, an act of war, or a terrorist attack.

16 “(C) AIR AMBULANCE SERVICES DE-  
17 FINED.—For purposes of this paragraph, the  
18 term ‘air ambulance service’ means fixed wing  
19 and rotary wing air ambulance services.”.

20 (2) CONFORMING AMENDMENT.—Section  
21 1861(s)(7) (42 U.S.C. 1395x(s)(7)) is amended by  
22 inserting “, subject to section 1834(l)(10),” after  
23 “but”.

24 (b) GROUND AMBULANCE SERVICE.—

25 (1) PAYMENT RATES.—



1 (A) IN GENERAL.—Section 1834(l)(3) (42  
2 U.S.C. 1395m(l)(3)) is amended to read as fol-  
3 lows:

4 “(3) PAYMENT RATES.—

5 “(A) IN GENERAL.—Subject to any adjust-  
6 ment under subparagraph (B) and paragraph  
7 (9) and the full payment of a national mileage  
8 rate pursuant to paragraph (2)(E), in estab-  
9 lishing such fee schedule, the following rules  
10 shall apply:

11 “(i) PAYMENT RATES IN 2003.—

12 “(I) GROUND AMBULANCE SERV-  
13 ICES.—In the case of ground ambu-  
14 lance services furnished under this  
15 part in 2003, the Secretary shall set  
16 the payment rates under the fee  
17 schedule for such services at a rate  
18 based on the average costs (as deter-  
19 mined by the Secretary on the basis of  
20 the most recent and reliable informa-  
21 tion available) incurred by full cost  
22 ambulance suppliers in providing non-  
23 emergency basic life support ambu-  
24 lance services covered under this title,  
25 with adjustments to the rates for

1 other ground ambulance service levels  
2 to be determined based on the rule es-  
3 tablished under paragraph (1). For  
4 the purposes of the preceding sen-  
5 tence, the term ‘full cost ambulance  
6 supplier’ means a supplier for which  
7 volunteers or other unpaid staff com-  
8 prise less than 20 percent of the sup-  
9 plier’s total staff and which receives  
10 less than 20 percent of space and  
11 other capital assets free of charge.

12 “(II) OTHER AMBULANCE SERV-  
13 ICES.—In the case of ambulance serv-  
14 ices not described in subclause (I)  
15 that are furnished under this part in  
16 2003, the Secretary shall set the pay-  
17 ment rates under the fee schedule for  
18 such services based on the rule estab-  
19 lished under paragraph (1).

20 “(ii) PAYMENT RATES IN SUBSE-  
21 QUENT YEARS FOR ALL AMBULANCE SERV-  
22 ICES.—In the case of any ambulance serv-  
23 ice furnished under this part in 2004 or  
24 any subsequent year, the Secretary shall  
25 set the payment rates under the fee sched-

1           ule for such service at amounts equal to  
2           the payment rate under the fee schedule  
3           for that service furnished during the pre-  
4           vious year, increased by the percentage in-  
5           crease in the Consumer Price Index for all  
6           urban consumers (United States city aver-  
7           age) for the 12-month period ending with  
8           June of the previous year.

9           “(B) ADJUSTMENT IN RURAL RATES.—For  
10          years beginning with 2004, the Secretary, after  
11          taking into consideration the recommendations  
12          contained in the report submitted under section  
13          221(b)(3) the Medicare, Medicaid, and SCHIP  
14          Benefits Improvements and Protection Act of  
15          2000, shall adjust the fee schedule payment  
16          rates that would otherwise apply under this  
17          subsection for ambulance services provided in  
18          low density rural areas based on the increased  
19          cost (if any) of providing such services in such  
20          areas.”.

21          (B) CONFORMING AMENDMENT.—Section  
22          221(c) of the Medicare, Medicaid, and SCHIP  
23          Benefits Improvement and Protection Act of  
24          2000 (114 Stat. 2763A–487), as enacted into

1 law by section 1(a)(6) of Public Law 106–554,  
2 is repealed.

3 (2) USE OF MEDICAL CONDITIONS FOR CODING  
4 AMBULANCE SERVICES.—Section 1834(l)(7) (42  
5 U.S.C. 1395m(l)(7)) is amended to read as follows:

6 “(7) CODING SYSTEM.—

7 “(A) IN GENERAL.—The Secretary shall,  
8 in accordance with section 1173(c)(1)(B), es-  
9 tablish a system or systems for the coding of  
10 claims for ambulance services for which pay-  
11 ment is made under this subsection, including a  
12 code set specifying the medical condition of the  
13 individual who is transported and the level of  
14 service that is appropriate for the transpor-  
15 tation of an individual with that medical condi-  
16 tion.

17 “(B) MEDICAL CONDITIONS.—The code set  
18 established under subparagraph (A) shall—

19 “(i) take into account the list of med-  
20 ical conditions developed in the course of  
21 the negotiated rulemaking process con-  
22 ducted under paragraph (1); and

23 “(ii) notwithstanding any other provi-  
24 sion of law, be adopted as a standard code  
25 set under section 1173(c).”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to services furnished on or after  
3 the date of the enactment of this Act.

4 **SEC. 8. RURAL MENTAL HEALTH CARE ACCESSIBILITY IM-**  
5 **PROVEMENTS.**

6 (a) INTERDISCIPLINARY GRANT PROGRAM.—Subpart  
7 I of part D of title III of the Public Health Service Act  
8 (42 U.S.C. 254b et seq.) is amended by adding at the end  
9 the following new section:

10 **“SEC. 330L. INTERDISCIPLINARY GRANT PROGRAM.**

11 “(a) PROGRAM AUTHORIZED.—The Director of the  
12 Office of Rural Health Policy (of the Health Resources  
13 and Services Administration) shall award grants to eligible  
14 entities to establish interdisciplinary training programs  
15 that include significant mental health training in rural  
16 areas for certain health care providers.

17 “(b) DEFINITIONS.—In this section:

18 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-  
19 tity’ means a public university or other educational  
20 institution that provides training for mental health  
21 care providers or primary health care providers.

22 “(2) MENTAL HEALTH CARE PROVIDER.—The  
23 term ‘mental health care provider’ means—

24 “(A) a physician with postgraduate train-  
25 ing in a residency program of psychiatry;

1           “(B) a licensed psychologist (as defined by  
2           the Secretary for purposes of section 1861(ii) of  
3           such Act (42 U.S.C. 1395x(ii)));

4           “(C) a clinical social worker (as defined in  
5           section 1861(hh)(1) of such Act (42 U.S.C.  
6           1395x(hh)(1)); or

7           “(D) a clinical nurse specialist (as defined  
8           in section 1861(aa)(5)(B) of such Act (42  
9           U.S.C. 1395x(aa)(5)(B))).

10          “(3) PRIMARY HEALTH CARE PROVIDER.—The  
11          term ‘primary health care provider’ includes family  
12          practice, internal medicine, pediatrics, obstetrics and  
13          gynecology, geriatrics, and emergency medicine phy-  
14          sicians as well as physician assistants and nurse  
15          practitioners.

16          “(4) RURAL AREA.—The term ‘rural area’  
17          means a rural area as defined in section  
18          1886(d)(2)(D) of the Social Security Act, or such an  
19          area in a rural census tract of a metropolitan statis-  
20          tical area (as determined under the most recent  
21          modification of the Goldsmith Modification, origi-  
22          nally published in the Federal Register on February  
23          27, 1992 (57 Fed. Reg. 6725)), or any other geo-  
24          graphical area that the Director designates as a  
25          rural area.

1       “(c) DURATION.—Grants awarded under subsection  
2 (a) shall be awarded for a period of 5 years.

3       “(d) USE OF FUNDS.—An eligible entity that receives  
4 a grant under subsection (a) shall use funds received  
5 through such grant to administer an interdisciplinary,  
6 side-by-side training program for mental health care pro-  
7 viders and primary health care providers, that includes  
8 providing, under appropriate supervision, health care serv-  
9 ices to patients in underserved, rural areas without regard  
10 to patients’ ability to pay for such services.

11       “(e) APPLICATION.—An eligible entity desiring a  
12 grant under subsection (a) shall submit an application to  
13 the Director at such time, in such manner, and containing  
14 such information as the Director may reasonably require,  
15 including—

16               “(1) a description of the activities which the eli-  
17 gible entity intends to carry out using amounts pro-  
18 vided under the grant;

19               “(2) a description of the manner in which the  
20 activities funded under the grant will meet the men-  
21 tal health care needs of underserved rural popu-  
22 lations within the State; and

23               “(3) a description of the network agreement  
24 with partnering facilities.

1       “(f) EVALUATIONS; REPORT.—Each eligible entity  
 2 that receives a grant under this section shall submit to  
 3 the Director of the Office of Rural Health Policy (of the  
 4 Health Resources and Services Administration) an evalua-  
 5 tion describing the programs authorized under this section  
 6 and any other information that the Director deems appro-  
 7 priate. After receiving such evaluations, the Director shall  
 8 submit to the appropriate committees of Congress a report  
 9 describing such evaluations.

10       “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
 11 is authorized to be appropriated to carry out this section,  
 12 \$100,000,000 for fiscal year 2004 and such sums as may  
 13 be necessary for each of the fiscal years 2005 through  
 14 2008.”.

15       (b) COVERAGE OF MARRIAGE AND FAMILY THERA-  
 16 PIST SERVICES AND MENTAL HEALTH COUNSELOR SERV-  
 17 ICES UNDER PART B OF THE MEDICARE PROGRAM.—

18               (1) COVERAGE OF SERVICES.—

19                       (A) IN GENERAL.—Section 1861(s)(2) (42  
 20 U.S.C. 1395x(s)(2)) is amended—

21                               (i) in subparagraph (U), by striking  
 22                               “and” after the semicolon at the end;  
 23                               (ii) in subparagraph (V)(iii), by in-  
 24                               serting “and” after the semicolon at the  
 25                               end; and



1 (iii) by adding at the end the fol-  
2 lowing new subparagraph:

3 “(W) marriage and family therapist services (as  
4 defined in subsection (ww)(1)) and mental health  
5 counselor services (as defined in subsection  
6 (ww)(3));”.

7 (B) DEFINITIONS.—Section 1861 (42  
8 U.S.C. 1395x) is amended by adding at the end  
9 the following new subsection:

10 “Marriage and Family Therapist Services; Marriage and  
11 Family Therapist; Mental Health Counselor Serv-  
12 ices; Mental Health Counselor

13 “(ww)(1) The term ‘marriage and family therapist  
14 services’ means services performed by a marriage and  
15 family therapist (as defined in paragraph (2)) for the diag-  
16 nosis and treatment of mental illnesses, which the mar-  
17 riage and family therapist is legally authorized to perform  
18 under State law (or the State regulatory mechanism pro-  
19 vided by State law) of the State in which such services  
20 are performed, as would otherwise be covered if furnished  
21 by a physician or as an incident to a physician’s profes-  
22 sional service, but only if no facility or other provider  
23 charges or is paid any amounts with respect to the fur-  
24 nishing of such services.

1       “(2) The term ‘marriage and family therapist’ means  
2 an individual who—

3           “(A) possesses a master’s or doctoral degree  
4 which qualifies for licensure or certification as a  
5 marriage and family therapist pursuant to State  
6 law;

7           “(B) after obtaining such degree has performed  
8 at least 2 years of clinical supervised experience in  
9 marriage and family therapy; and

10          “(C) in the case of an individual performing  
11 services in a State that provides for licensure or cer-  
12 tification of marriage and family therapists, is li-  
13 censed or certified as a marriage and family thera-  
14 pist in such State.

15       “(3) The term ‘mental health counselor services’  
16 means services performed by a mental health counselor (as  
17 defined in paragraph (4)) for the diagnosis and treatment  
18 of mental illnesses which the mental health counselor is  
19 legally authorized to perform under State law (or the  
20 State regulatory mechanism provided by the State law) of  
21 the State in which such services are performed, as would  
22 otherwise be covered if furnished by a physician or as inci-  
23 dent to a physician’s professional service, but only if no  
24 facility or other provider charges or is paid any amounts  
25 with respect to the furnishing of such services.

1       “(4) The term ‘mental health counselor’ means an  
2 individual who—

3               “(A) possesses a master’s or doctor’s degree in  
4 mental health counseling or a related field;

5               “(B) after obtaining such a degree has per-  
6 formed at least 2 years of supervised mental health  
7 counselor practice; and

8               “(C) in the case of an individual performing  
9 services in a State that provides for licensure or cer-  
10 tification of mental health counselors or professional  
11 counselors, is licensed or certified as a mental health  
12 counselor or professional counselor in such State.”.

13               (C) PROVISION FOR PAYMENT UNDER  
14 PART B.—Section 1832(a)(2)(B) (42 U.S.C.  
15 1395k(a)(2)(B)) is amended by adding at the  
16 end the following new clause:

17                       “(v) marriage and family therapist  
18 services and mental health counselor serv-  
19 ices;”.

20               (D) AMOUNT OF PAYMENT.—Section  
21 1833(a)(1) (42 U.S.C. 1395l(a)(1)) is amend-  
22 ed—

23                       (i) by striking “and (U)” and insert-  
24 ing “(U)”; and

1                   (ii) by inserting before the semicolon  
 2                   at the end the following: “, and (V) with  
 3                   respect to marriage and family therapist  
 4                   services and mental health counselor serv-  
 5                   ices under section 1861(s)(2)(W), the  
 6                   amounts paid shall be 80 percent of the  
 7                   lesser of the actual charge for the services  
 8                   or 75 percent of the amount determined  
 9                   for payment of a psychologist under sub-  
 10                  paragraph (L)”.

11                  (E) EXCLUSION OF MARRIAGE AND FAM-  
 12                  ILY THERAPIST SERVICES AND MENTAL  
 13                  HEALTH COUNSELOR SERVICES FROM SKILLED  
 14                  NURSING FACILITY PROSPECTIVE PAYMENT  
 15                  SYSTEM.—Section 1888(e)(2)(A) (42 U.S.C.  
 16                  1395yy(e)(2)(A)), as amended by section  
 17                  4(b)(1)(B), is amended—

18                         (i) in clause (i)(II), by striking  
 19                         “clauses (ii), (iii), and (iv)” and inserting  
 20                         “clauses (ii), (iii), (iv), and (v)”; and

21                         (ii) by adding at the end the following  
 22                         new clause:

23                         “(v) EXCLUSION OF MARRIAGE AND  
 24                         FAMILY THERAPIST SERVICES AND MEN-  
 25                         TAL HEALTH COUNSELOR SERVICES.—

1 Services described in this clause are mar-  
 2 riage and family therapist services (as de-  
 3 fined in subsection (ww)(1)) and mental  
 4 health counselor services (as defined in  
 5 section 1861(ww)(3)).”.

6 (F) INCLUSION OF MARRIAGE AND FAMILY  
 7 THERAPISTS AND MENTAL HEALTH COUN-  
 8 SELORS AS PRACTITIONERS FOR ASSIGNMENT  
 9 OF CLAIMS.—Section 1842(b)(18)(C) (42  
 10 U.S.C. 1395u(b)(18)(C)) is amended by adding  
 11 at the end the following new clauses:

12 “(vii) A marriage and family therapist (as de-  
 13 fined in section 1861(ww)(2)).

14 “(viii) A mental health counselor (as defined in  
 15 section 1861(ww)(4)).”.

16 (c) COVERAGE OF CERTAIN MENTAL HEALTH SERV-  
 17 ICES PROVIDED IN CERTAIN SETTINGS.—

18 (1) RURAL HEALTH CLINICS AND FEDERALLY  
 19 QUALIFIED HEALTH CENTERS.—Section  
 20 1861(aa)(1)(B) (42 U.S.C. 1395x(aa)(1)(B)) is  
 21 amended by striking “or by a clinical social worker  
 22 (as defined in subsection (hh)(1)),” and inserting “,  
 23 by a clinical social worker (as defined in subsection  
 24 (hh)(1)), by a marriage and family therapist (as de-

(2) HOSPICE PROGRAMS.—Section 1861(dd)(2)(B)(i)(III) (42 U.S.C. 1395x(dd)(2)(B)(i)(III)) is amended by inserting “or a marriage and family therapist (as defined in subsection (ww)(2))” after “social worker”.

(d) AUTHORIZATION OF MARRIAGE AND FAMILY THERAPISTS TO DEVELOP DISCHARGE PLANS FOR POST-HOSPITAL SERVICES.—Section 1861(ee)(2)(G) (42 U.S.C. 1395x(ee)(2)(G)) is amended by inserting “marriage and family therapist (as defined in subsection (ww)(2)),” after “social worker,”.

(e) **EFFECTIVE DATE.**—The amendments made by subsections (b), (c), and (d) shall apply with respect to services furnished on or after January 1, 2004.

17 SEC. 9. RURAL HEALTH SERVICES RESEARCH IMPROVE-  
18 MENTS.

19 (a) IN GENERAL.—Section 711(b) (42 U.S.C.  
20 912(b)) is amended—

21 (1) in paragraph (3), by striking “and” after  
22 the comma at the end;

(2) in paragraph (4), by striking the period at the end and inserting “, and”; and

1           (3) by adding at the end the following new  
2       paragraph:

3           “(5) have the authority to administer grants to  
4       support rural health services research.”.

5       (b) EFFECTIVE DATE.—The amendments made by  
6       subsection (a) shall take effect on January 1, 2004.

7       **SEC. 10. EXCLUSION FOR LOAN PAYMENTS UNDER NA-**  
8                               **TIONAL HEALTH SERVICE CORPS LOAN RE-**  
9                               **PAYMENT PROGRAM.**

10       (a) IN GENERAL.—Section 117 of the Internal Rev-  
11       enue Code of 1986 is amended by adding at the end the  
12       following new subsection:

13       “(e) LOAN PAYMENTS UNDER NATIONAL HEALTH  
14       SERVICE CORPS LOAN REPAYMENT PROGRAM.—Gross in-  
15       come shall not include any amount received under section  
16       338B(g) of the Public Health Service Act.”.

17       (b) EFFECTIVE DATE.—The amendment made by  
18       subsection (a) shall apply to amounts received by an indi-  
19       vidual in taxable years beginning after December 31,  
20       2002.

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